

ESTTA Tracking number: **ESTTA371995**

Filing date: **10/06/2010**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92052897
Party	Plaintiff Thomas SkÅ¶ld
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Submission	Motion to Dismiss - Rule 12(b)
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Date	10/06/2010
Attachments	SK007_Resp_to_Motion_to_Dismiss.pdf ( 9 pages )(58019 bytes )

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the Matter of Registration Nos. 2985751; and 3394514

Dated: August 16, 2005 & March 11, 2008, Respectively

<hr/>	)	
Thomas Sköld,	)	
Petitioner,	)	
	)	
v.	)	
	)	Cancellation No. 92052897
Galderma Laboratories, Inc.,	)	
Registrant	)	
<hr/>	)	

**RESPONSE BY SKÖLD IN OPPOSITION TO MOTION TO DISMISS**

Registrant has filed a Motion to Dismiss Petition for Cancellation dated Friday, September 24, 2010. This response by Petitioner Sköld is timely filed on or before the first non-holiday weekday (Tuesday, October 12, 2010) after Saturday, October 9, 2010 (15 days after motion filing, per 37 CFR §1.127(a)), and clearly within the five day additional grace period provided by 37 CFR §2.119(c) (since service of the Motion was by mail).

Petitioner notes that the aspects of the Motion that rely on contract language are not ripe for decision because Petitioner and Registrant have not agreed upon, and Registrant has not begun negotiation concerning, the scope of any provisions for protecting confidential information (if any). Thus, the Board does not yet have before it copies of the contracts. The contracts were between CollaGenex Pharmaceuticals Inc. ("CollaGenex"), Registrant's predecessor in interest, and Petitioner. These contracts, termed the "2002 Agreement" and the "2004 Agreement," were provided to Registrant as Exhibits 2 and 3 respectively to the Petition for Cancellation, but have not yet been provided to the Board pending agreement on any

confidentiality issues. Exhibits 4, 5 and 7 have also not yet been provided to the Board pending agreement on any confidentiality issues.

The Motion makes three top level mistakes that critically undermine its persuasiveness. First, it mistakes the scope of the Board's jurisdiction to hear cancellation petitions. Second, it mistakes the meaning of the 2002 Agreement by relying on a semantic artifice that the Supreme Court dismissed in the nineteenth century. Third, it mischaracterizes the relief sought by Petitioner.

Registrant asserts that the Petition is not within the Board's jurisdiction as provided by the Lanham Act. However, the contrary is expressly provided in Vaughn Russell Candy Co. v. Cookies in Bloom, Inc., 47 USPQ2d 1635, 1638 n. 6 (TTAB 1998), where the Board found that “[w]hile it does not lie within the jurisdiction of the Board to enforce the contract between the parties, agreements to cease use of a mark or to not use a mark in a certain format are routinely upheld and enforced.” See also M-5 Steel Mfg., Inc. v. O'Hagin's Inc., 61 U.S.P.Q.2d 1086, 1095 (TTAB 2001); Bausch & Lomb Incorporated v. Karl Storz GmbH & Co. KG, 87 U.S.P.Q.2d 1526, 2008 WL 2252778, at \*5 (TTAB 2008).

The Petition posited that, either by a First Contract Theory or a Second Contract Theory, Registrant no longer owns the mark *RESTORADERM*. Given this, it would be apparent that Registrant no longer has a right to represent to the United States Patent and Trademark Office that it has the exclusive right to use the mark in commerce and cannot make such a representation, as would be needed to keep the registrations at issue in force.

Registrant would submit that the only statutory ground that exists for cancellation on loss of ownership is for the lack of ownership that existed *ab initio*, i.e., when the application for registration was made. Registrant relies on T.B.M.P. §309.03(c)(8) – an entry in a list of

examples of grounds for petition that §309.03(c) expressly identifies as non-exhaustive. Petitioner submits that the Lanham Act creates a continuing representation to the USPTO that the registrant is the owner of the registration and that the registrant will make timely correction to the ownership records when ownership changes. That representation finds literal expression for example in §8 of the Lanham Act (15 U.S.C. §1058), where only owner of the registration may file a Section 8 Affidavit. Registrant must now file such affidavit on or before August 16, 2011 to prevent cancellation of the '751 registration. Should Registrant file such an affidavit, and should the allegations made in the Petition prove to be sustained, then the registration will have the same defect that sustained the opposition in Vaughn Russell Candy: namely that Registrant will have filed as assertion of an exclusive right to use in commerce that would not be supportable. Petitioner submits that the Board has the power and the duty to prevent the filing of a false Section 8 Affidavit.

Accordingly, this most basic premise of the Motion – that the action is outside the Board's jurisdiction – fails. Thus, the Motion should be denied.

The Motion puts great stock in the language of Section 4.2.1 of the 2002 Agreement (Petition for Cancellation, Exhibit 2), which Registrant regards as speaking in the language of assignment. However, it is well settled that "[w]hether a transfer of a particular right or interest under a patent is an assignment or a license does not depend upon the name by which it calls itself, but upon the legal effect of its provisions." Vaupel Textilmaschinen KG v. Meccanica Euro Italia SPA, 944 F.2d 870, 875 (CAFC 1991), quoting Waterman v. Mackenzie, 138 U.S. 252, 255 (1891). The Vaupel Textilmaschinen and Waterman opinions relate to rights arising under patents, but there is no principled reason why the insight provided by these cases does not apply to trademarks. These cases reflect the truism that one must look at the actual rights

conveyed, and the limitations thereon, and not the often loose use of terminology that might sound in licensing or in assignment.

The critical aspect of the contracts at issue here is what happens upon termination without fault by Sköld, an event which indisputably occurred pursuant to a November 27, 2009 letter from Registrant to Petitioner (Petition for Cancellation, Exhibit 5). The 2002 Agreement is woefully less than explicit on the consequences of termination. The relevant section heading (Article 9) reads "Term and Termination and Reversion of Rights," and thus indicates the intention of the parties. The section headings clause (§11.8) would have the various headings discounted, but Petitioner submits that the Article 9 heading is at least a lead element of extrinsic evidence of intent in light of the ambiguity of the termination provisions. Assuming we fully discount this section heading, despite having few other indicators of intent, we are left with the default position, which is that "[w]hen a license is lawfully canceled the parties are relegated to their status before the granting of the license..." Dow Chemical Co. v. U.S., 32 Fed.Cl. 11, 19 (1994), aff'd in part, rev'd in part on other grounds, 226 F.3d 1334 (Fed. Cir. 2000); see also Invengineering, Inc. v. Foregger Co., 293 F.2d 201, 204 (3rd Cir., 1961). The status to which we revert is that ownership of the mark shall reside in Petitioner, and Registrant shall cease to use the mark.

Another reading of the 2002 Agreement is that there cannot be termination without fault without mutual agreement per §9.2. Since the agreement is effectively terminated by Registrant's nonparticipation, Registrant does not have title to the mark because there is no agreement that Registrant shall have such title. Accordingly, Registrant does not have an exclusive right to use the mark in commerce.

As mentioned, Registrant relies on the Section 4.2.1 language that the trademark "shall... be the exclusive property of CollaGenex during the Term and thereafter." Petitioner submits that this language only contemplates the course of events in the absence of termination. If the agreement had proceeded to Term without termination, then the Petitioner would have received his full measure of consideration commiserate with yielding the *RESTORMADERM* mark. In other words, the Section 4.2.1 language well states the course of events that the parties anticipated, *provided the absence of Registrant electing to walk away from the Restoraderm technology*. But Registrant did so elect to walk away, and cannot take with it that for which it elected not to pay the full measure of consideration.

Another reason why it should be clear that the 2002 Agreement calls for reversion in the event of termination without fault by Sköld is found by comparison with the 2004 Agreement (Petition for Cancellation, Exhibit 3). While the extent to which the 2004 Agreement applies to trademarks is subject to some parsing (as discussed in the Petition), it is clear without parsing that the 2004 Agreement and the 2002 Agreement applied to the patents on the Restoraderm technology. The 2002 agreement speaks of "assignment" of the patents at §4.1.3, and in Article 9 (Term and Termination and Reversion of Rights) is just as obtuse as to reversionary rights for patents as it is for trademarks. The 2004 Agreement clearly superseded the 2002 Agreement as to patents. It, the 2004 Agreement, clearly provides a reversionary right for "Purchased Assets" (including, for example patents) on termination without fault by Sköld. If Registrant were correct that the trademarks were transferred unconditionally in the 2002 Agreement, then patents would also have been transferred unconditionally by the assignment recited in §4.1.3 of that agreement. Yet, if so, CollagGenex would hardly have elected to get less in the second agreement by giving away a reversionary right, even though promising comparable

compensation for the Purchased Assets in the 2004 Agreement. Thus, it is certainly more likely that a reversionary right for patents and the *RESTORADERM* mark was intended in the 2002 Agreement, just as such a right is expressly recited for "Purchased Assets" in the 2004 Agreement.

This aspect of the 2004 Agreement is worth revisiting in light of the Registrant's argument that the 2002 Agreement transferred the mark "during the Term and thereafter." The 2004 Agreement is just as emphatic about the transfer of the Purchased Assets as §4.2.1 of the 2002 Agreement is as to trademarks. According to §2.1 of the 2004 Agreement, CollaGenex shall purchase "full, complete *and irrevocable* right, title and interest in and to the assets and right..." Recall that the 2002 Agreement stated that the trademarks shall be "the exclusive property of CollaGenex during the Term and thereafter." Different words are used, but both clauses state the same emphatic transfer. Yet, despite the emphatic transfer language, the 2004 Agreement expressly and clearly provides a right of reversion should the agreement be terminated without fault by Sköld. Just as the 2004 Agreement transfers "irrevocably" yet with a right of reversion under appropriate circumstances, so does the 2002 Agreement create "exclusive" property that nonetheless reverts to Sköld under appropriate circumstances (e.g., Petitioner elects not to pay for it).

Petitioner submits that fact finding will establish that when CollaGenex conditionally acquired for the "Restoraderm Technology" from Sköld, it also acquired the *RESTORADERM* mark from Sköld. The recitation of the *RESTORADERM* mark in §4.2.1 of the 2002 Agreement all but affirms this connection. When Petitioner elected to voluntarily terminate the 2004 Agreement it did not dispute that it was obligated to return the patent applications directed to the technology. It would be highly unlikely that when **A** (technology, patents) was sold

conditionally, **B** (trademarks) was sold unconditionally. Petitioner submits that both the **A** and **B** transfers were conditioned on CollaGenex's and its successors' participation under the 2004 Agreement. When the condition failed, both **A** and **B** were to return to Petitioner. The fact that Registrant has lately sought to divorce the meaning of *RESTORADERM* from the technology does not reflect on intent at contract formation. The fact that Registrant has come to like the mark as a more general name for skin care products does not reflect on intent at contract formation. The fact that Registrant may not be fully apprised of the intent of CollaGenex at contract formation does not negate its being bound by that intent.

Accordingly, because the sale of the mark *RESTORADERM* was conditioned participation under the 2004 Agreement, and such participation by Registrant has ceased, ownership of the mark by Registrant, and thus Registrant's exclusive right to use the mark in commerce, have ceased. Therefore, Registrant can no longer maintain the registrations at issue.

It cannot be disputed that if the 2004 Agreement covers trademarks as part of the "Purchased Assets" (Second Contract Theory) then the agreement calls for a reversion to Sköld under the undisputed conditions of termination. Reversion means that Registrant does not have the exclusive right to use the mark in commerce, and cannot maintain this registration. If the 2002 Agreement alone covers trademarks (First Contract Theory), Petitioner submits that the agreement calls for a reversion to Sköld under the conditions of the November 2009 termination. Thus, via one agreement or the other the Board can decide the simple matter whether Registrant has the exclusive right to use the mark in commerce. If the Board finds that Registrant does not have that exclusive right, Petitioner asks only for cancellation; he does not in this forum ask for enforcement of either of the contracts. "[A]lthough other courts would be the proper tribunals... for enforcement... of the contract..., that is not sufficient reason for the board to decline to



consider the agreement, its construction, or its validity if necessary to decide the issues properly before it" in a cancellation proceeding. Selva & Sons, Inc. v. Nina Footwear, Inc., 705 F.2d 1316, 1324 (Fed.Cir. 1983); see also M-5 Steel Mfg. at 1095; Bausch & Lomb at \*5.

Accordingly, since the Motion is incorrect on the scope of the Board's jurisdiction, is incorrect on the meaning of the 2002 Agreement, and mischaracterizes the relief sought by the Petitioner, the Motion to Dismiss should be denied.

Respectfully submitted,

Date: October 6, 2010

By: /Arthur E Jackson/

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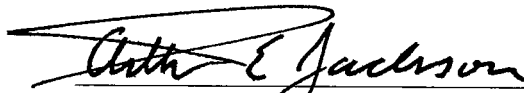
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	)	

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Response by Sköld in Opposition to Motion to Dismiss was sent first class mail, postage pre-paid on this 6<sup>th</sup> day of October, 2010 to:

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